
Tobin & Co.

Charter Township of Elmwood

Leelanau County, Michigan

Audit Report

For the Year Ended December 31, 2004

Auditing Procedures Report

Issued under P.A. 2 of 1968, as amended.

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Local Government Type <input type="checkbox"/> City <input checked="" type="checkbox"/> Township <input type="checkbox"/> Village <input type="checkbox"/> Other		Local Government Name Charter Township of Elmwood		County Leelanau
Audit Date 12/31/04	Opinion Date 6/16/05	Date Accountant Report Submitted to State: 6/30/05		

We have audited the financial statements of this local unit of government and rendered an opinion on financial statements prepared in accordance with the Statements of the Governmental Accounting Standards Board (GASB) and the *Uniform Reporting Format for Financial Statements for Counties and Local Units of Government in Michigan* by the Michigan Department of Treasury.

We affirm that:

1. We have complied with the *Bulletin for the Audits of Local Units of Government in Michigan* as revised.
2. We are certified public accountants registered to practice in Michigan.

We further affirm the following. "Yes" responses have been disclosed in the financial statements, including the notes, or in the report of comments and recommendations

You must check the applicable box for each item below.

- ☐ Yes ☒ No 1. Certain component units/funds/agencies of the local unit are excluded from the financial statements.
- ☐ Yes ☒ No 2. There are accumulated deficits in one or more of this unit's unreserved fund balances/retained earnings (P.A. 275 of 1980).
- ☐ Yes ☒ No 3. There are instances of non-compliance with the Uniform Accounting and Budgeting Act (P.A. 2 of 1968, as amended).
- ☐ Yes ☒ No 4. The local unit has violated the conditions of either an order issued under the Municipal Finance Act or its requirements, or an order issued under the Emergency Municipal Loan Act.
- ☐ Yes ☒ No 5. The local unit holds deposits/investments which do not comply with statutory requirements. (P.A. 20 of 1943, as amended [MCL 129.91], or P.A. 55 of 1982, as amended [MCL 38.1132]).
- ☐ Yes ☒ No 6. The local unit has been delinquent in distributing tax revenues that were collected for another taxing unit.
- ☐ Yes ☒ No 7. The local unit has violated the Constitutional requirement (Article 9, Section 24) to fund current year earned pension benefits (normal costs) in the current year. If the plan is more than 100% funded and the overfunding credits are more than the normal cost requirement, no contributions are due (paid during the year).
- ☐ Yes ☒ No 8. The local unit uses credit cards and has not adopted an applicable policy as required by P.A. 266 of 1995 (MCL 129.241).
- ☐ Yes ☒ No 9. The local unit has not adopted an investment policy as required by P.A. 196 of 1997 (MCL 129.95).

We have enclosed the following:

	Enclosed	To Be Forwarded	Not Required
The letter of comments and recommendations.	X		
Reports on individual federal financial assistance programs (program audits).			X
Single Audit Reports (ASLGU).			X

TOBIN & CO., P.C.

Certified Public Accountant (Firm Name) 400 E. EIGHTH ST.			
Street Address TRAVERSE CITY, MI 49686-2668		City	State ZIP
Accountant Signature John D. Tobin		Date 6/29/05	

INTRODUCTORY SECTION

Tobin & Co.

Comments and Recommendations

We have audited the basic financial statements of Charter Township of Elmwood, Leelanau County, for the year ended December 31, 2004 and have issued our report thereon. As part of our examination, we made a study and evaluation of the Township's system of internal accounting control to the extent we considered necessary to evaluate the system as required by auditing standards generally accepted in the United States of America. The purpose of our study and evaluation was to determine the nature, timing and extent of the auditing procedures necessary for expressing an opinion on the Township's financial statements. Our study and evaluation was more limited than would be necessary to express an opinion on the system of internal accounting control taken as a whole.

Our study and evaluation made for the limited purpose described above would not necessarily disclose all material weaknesses in the system. Accordingly, we do not express an opinion on the system of internal control of Charter Township of Elmwood taken as a whole. As a result of our examination, we respectfully submit the following comments and recommendations.

General

Your Clerk and Treasurer maintain receipts journals, disbursements journals, general ledgers and account books prescribed in the Uniform Accounting Procedures developed by the State Department of Treasury. These records were well maintained. Comments and recommendations regarding items other than the accounting records themselves are as follows:

Budgets and Procedures

The required budgets were prepared for the General Fund and Special Revenue Funds. All budgets appear to have been monitored during the year.

General Fund

The General Fund is presented on Schedule 1 of this report. The fund balance decreased by \$102,699 from the prior year and totaled \$457,840 at December 31, 2004.

Special Revenue Funds

Fire Fund

This fund, presented on Schedule 2, is used to account for the special assessment tax levy for Township fire protection. Revenues consisted principally of property taxes of \$76,517. Expenditures were \$140,920, and the fund balance at December 31, 2004 was \$136,553.

Fire Building Fund

This fund, presented on Schedule 3, was created to account for property taxes levied for construction of a fire hall. Revenues from property taxes amounted to \$173,891 during the year, and expenditures of \$138,200 were made for debt service. The fund balance at December 31, 2004 was \$2,789.

Police Fund

This fund, presented on Schedule 6, is used by the Township to account for property taxes and other revenues for police protection. The fund balance at December 31, 2004 was \$34,454.

Liquor Law Enforcement Fund

This fund is financed entirely by reimbursements from the State of Michigan from liquor license fees. These monies can be used only for enforcement of the State liquor laws, and rules and regulations of the Liquor Control Commission. Revenues in 2004 amounted to \$3,317, and the fund balance was transferred to the General Fund for reimbursement of ordinance enforcement expenses. There was no fund balance at December 31, 2004. See Schedule 7.

Street Lighting Fund

This fund, presented on Schedule 8, is used to account for special assessments collected from residents of a special street lighting district. Assessments totaled \$1,122 during the year, while expenses were \$665. The fund balance at December 31, 2004 was \$658.

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Comments and Recommendations

Debt Service Funds

Leelanau Hills Special Assessment District was created during 1999. Bonds amounting to \$195,000 were sold to a local bank, and \$157,004 was spent on road improvements. Debt repayment of \$21,000 was made during the year, and the ending fund balance was \$43,158. See Schedule 10.

Northern Lites Special Assessment District was created during 2002. Revenues from special assessments and interest earned amounted to \$10,878. An operating transfer of \$11,000 was made to the General Fund in 2004. The ending fund balance was \$769. See Schedule 9.

Enterprise Funds

Revenues of the Sewer Fund amounted to \$240,809, and expenditures for the year exceeded revenues by \$111,663. The year-end retained earnings were \$173,478. The Sewer Fund was created with public contributions, customer hook-up fees and sewer general obligation bonds. The Sewer Fund bonds were paid off on November 1, 2000.

In the Marina Fund revenues and operating transfers exceeded expenses of \$124,391. Retained earnings at year-end amounted to \$1,344,502. The Township completed a second expansion of the Marina in 2002, and the 2004 operating results continue to reflect the effect of this expansion.

We were informed during our audit that there were documented cash shortages and other improprieties in the Marina operations. As a result, we performed more than our normal audit procedures and found that there was a reasonable explanation for the apparent cash shortages and found no evidence that operating rules were not generally being followed.

However, we found that the same control weaknesses exist that we have mentioned in connection in past audit reports. You should consider the following changes:

- 1) Cash collected from sales of ice and some other miscellaneous receipts is not being deposited with daily receipts but is being kept at the Marina office in a "petty cash" fund. These funds are then used for the purchase of various supplies. All receipts should be turned over to the Township Treasurer with a daily receipts form summarizing each day's receipts.
- 2) The petty cash fund should be maintained at the Marina office on an imprest basis. Periodically petty cash reimbursement requests should be submitted to the Township Clerk with an accounting of expenditures from the fund.
- 3) Pre-numbered tickets for launching, parking, etc., should be used and should be referenced in the daily receipts summary. The tickets for launching and parking could be verified when boaters return to the launch site and parking tickets could be required to be displayed on the dashboard of parked cars. These could be verified periodically by a Township representative who does not work at the Marina.
- 4) All non-transient slip rental agreements and payments should be controlled at the Township office and not at the Marina. In this way, Marina employees will not be involved in waiting list issues, contract disputes, etc.
- 5) You should consider having a non-Marina employee periodically audit boats in the Marina late in the evening and early in the morning to verify that procedures are being followed with respect to transient boats and season rental arrangements.

We would be pleased to discuss this issue with you further at your convenience.

The Timberlee Water Fund operating revenues amounted to \$46,973. Expenses exceeded revenues and operating transfers by \$6,032 for the year. Retained earnings at year-end amounted to a deficit of \$40,289. Given the 2004 operating results, you should continue to evaluate the adequacy of usage charges and/or formulate a plan to eliminate continued deficit operations. You should consider approving an operating transfer to the Timberlee Water Fund which would eliminate the accumulated deficit.

The Greilickville Water Main Fund was created during the year to construct a water main in the Greilickville area. Bonds amounting to \$1,200,000 were issued to finance the construction.

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Comments and Recommendations

Fiduciary Funds

These funds are presented on Schedule 11. They consist of the Trust and Agency Fund and the Current Tax Collection Fund, and are used to account for monies received by the Township that are not available for Township use but are due to other units of government, other funds, or to firms and individuals.

Property Tax Collections

The collection and distribution of the 2004 tax levy was handled in an excellent manner by the Township Treasurer. Paid receipts were filed in order of payment. Deposits were made timely and intact. Distributions to taxing units during the collection period were in accordance with statutory requirements.

See Schedule 12 for a summary of the 2004 tax levy and collections.

Payroll Procedures

The Clerk maintains excellent payroll records. Payroll withholdings were promptly remitted to various agencies and required reports were properly prepared. It appears that Forms W-2 and/or 1099 were properly utilized.

Insurance and Surety Bond Coverage

Records reflect that the Township is insured through Municipal Underwriters of Michigan and has such coverage as fire and extended coverage, general liability, errors and omissions, workmen's compensation, equipment and crime coverage. Records indicate that coverage was reviewed during the audit year. The Clerk, Treasurer, their deputies, and the Supervisor, have surety bond coverage.

Other Data

We are pleased to note the use of interest bearing depository accounts and the purchase of certificates of deposit and other investments from temporary surplus funds. These practices resulted in earned interest of over \$30,000 for the year. This practice reflects favorably on the Treasure and other Board members.

After completion of our audit, we will mail the necessary copies of our report to the State Department of Treasury.

We appreciate the courtesy extended our field examiners in the conduct of this audit.

Your confidence is respected. Please contact us if questions arise or assistance is needed.

FINANCIAL SECTION

Tobin & Co.

REPORT OF INDEPENDENT AUDITOR

To the Township Board
Charter Township of Elmwood
Leelanau County
Traverse City, Michigan 49684

We have audited the basic financial statements of Charter Township of Elmwood as of and for the year ended December 31, 2004, as listed in the Table of Contents. These financial statements are the responsibility of the Township's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the basic financial statements referred to above present fairly in all material respects, the financial position of such funds of Charter Township of Elmwood at December 31, 2004, and the results of operations and cash flows of its proprietary fund types for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Management's Discussion and Analysis is not a required part of the basic financial statements, but is supplementary information required by the GASB. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The schedules listed in the Table of Contents are presented for the purposes of additional analysis and are not a required part of the basic financial statements of Charter Township of Elmwood. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly presented in all material respects in relation to the basic financial statements taken as a whole.

Tobin & Co., P.C.

TOBIN & CO., P.C.
Certified Public Accountants
June 16, 2005

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Charter Township of Elmwood Management Discussion and Analysis Letter

As the Township Board of the Charter Township of Elmwood, we offer readers of the Township's financial statements this narrative overview and analysis of the financial activities of Charter Township of Elmwood for the fiscal year ended December 31, 2004.

Financial Highlights

The assets of Charter Township of Elmwood exceeded its liabilities at the close of the most recent fiscal year by \$7,842,277. Of this amount, \$1,031,663 may be used to meet the Township's ongoing obligations to citizens and creditors.

As of the close of the current fiscal year, Township's governmental funds reported combined ending fund balances of \$2,287,094, a decrease of \$42,356 in comparison with the prior year. Approximately ten percent of the total is available for spending at the Township's discretion.

At the end of the fiscal year, unreserved fund balance for the general fund was \$245,133, or forty-one percent of total general fund expenditures.

The Township's total debt increased by \$1,126,888 during the fiscal year. The key factor in this was a bond issue of \$1,200,000 to finance a special assessment district created to construct a water main to provide municipal water to 114 customers.

Overview of the Financial Statements

This discussion and analysis are intended to serve as an introduction to Charter Township of Elmwood's basic financial statements. The Township's basic financial statements comprise three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other supplementary information, in addition to the basic financial statements themselves.

Government-wide financial statements: The government-wide financial statements are designed to provide readers with a broad overview of the Township's finances, in a manner similar to a private-sector business.

The statement of net assets presents information on all of the Township's assets and liabilities, with the difference between the two reported as net assets. Over time, increases or decreases in net assets may serve as a useful indicator of whether the Township's financial position is improving or deteriorating.

The statement of activities presents information showing how the Township's net assets changed during the most recent fiscal year. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods.

Both of the government-wide financial statements distinguish functions of the Township that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business type activities). The governmental activities of the Township include: general government, public safety, and recreation. The business-type activities of the Township include water and sewer systems, and a marina.

The government-wide financial statements can be found on pages 13 and 14 of this report.

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. Charter Township of Elmwood, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the Township can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds:

Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

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Charter Township of Elmwood maintains eight individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statements of revenues, expenditures, and changes in fund balances for the General Fund, Fire Fund, and Fire Building Fund which are considered to be major funds. Data from the other governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these non-major governmental funds is provided in the form of combining statements elsewhere in this report.

The Township adopts an annual appropriated budget for its general fund, special revenue funds, and debt service funds. Budgetary comparison statements have been provided for the general fund and other governmental funds to demonstrate compliance with this budget.

Proprietary funds: Charter Township of Elmwood maintains four proprietary funds. Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The Township uses enterprise funds to account for its water, sewer, and marina activity.

Fiduciary funds: Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support the Township's own programs. The accounting used for fiduciary funds is much like that used for proprietary funds.

The basic fiduciary fund financial statements can be found on page 19 of this report.

Notes to the financial statements: The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 20 through 27 of this report.

Capital Asset and Debt Administration

Capital assets: The Township's investment in capital assets for its governmental and business type activities as of December 31, 2004, amounts to \$6,592,233 (net of accumulated depreciation). This investment in capital assets includes: (land, building and improvements, sewer and water systems, marina, machinery and equipment, park facilities, etc). The total increase in the Township's investment in capital assets for the current fiscal year was thirty-five percent.

Details of the Township's capital assets are contained in the notes to the financial statements on page 24.

Long-term debt: At the end of the current fiscal year, the Township had total bonded and installment debt outstanding of \$1,822,727. This debt is backed by the full faith and credit of the Township.

Additional information on the Township's long-term debt can be found in the notes on pages 25 and 26.

Economic Factors and Next Year's Budgets

The unemployment rate is still high in the State of Michigan and the State's shortfall in the budget means further reductions in state-shared revenues. State-shared revenues are expected to decrease in the 2005 fiscal year. The Township's millage rate was reduced again by the Headlee Amendment rollback for general operating purposes. These factors were considered in preparing the Township's budget for the 2005 fiscal year.

The water fund rates were increased for the fiscal year. These rate increases were necessary to finance the debt service and the ongoing water system operation and maintenance. Future increases may be necessary since the water fund had an operating loss of \$37,591 for the year.

Requests for Information

This financial report is designed to provide a general overview of Charter Township of Elmwood's finances for all those with an interest in the Township's fiscal matters. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Supervisor, Treasurer, or Clerk of Charter Township of Elmwood, 10090 East Lincoln Road, Traverse City, Michigan 49684 or you may phone us at 231-946-0921.

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Charter Township of Elmwood Statement of Net Assets December 31, 2004

<u>Assets</u>	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>
Cash and Cash Equivalents	\$ 644,212	\$ 1,004,836	\$ 1,649,048
Investments	-	307,922	307,922
Accounts Receivable	65,442	80,242	145,684
Taxes Receivable – Current	479,867	-	479,867
Due from Other Activities	147,611	24,233	171,844
Special Assessments Receivable	52,332	1,164,027	1,216,359
Prepaid Expenditures	2,081	-	2,081
Capital Assets:			
Land	112,810	50,000	162,810
Other Capital Assets, Net of Depreciation	1,710,770	4,718,653	6,429,423
Intangible Assets, Net of Amortization	-	45,416	45,416
Total Assets	<u>3,215,125</u>	<u>7,395,329</u>	<u>10,610,454</u>
<u>Liabilities</u>			
Accounts Payable and Accrued Expenses	47,369	165,383	212,752
Due to Other Activities	135,921	35,923	171,844
Deferred Revenues	532,034	-	532,034
Long-term Liabilities, Net of Discounts:			
Due Within One Year	154,707	80,861	235,568
Due in More Than One Year	<u>58,000</u>	<u>1,529,159</u>	<u>1,587,159</u>
Total Liabilities	<u>928,031</u>	<u>1,811,326</u>	<u>2,739,357</u>
<u>Net Assets</u>			
Invested in Capital Assets and Intangible Assets, Net of Related Debt	1,823,580	4,768,653	6,592,233
Restricted for:			
Fire Protection	136,553	-	136,553
Fire Building	2,789	-	2,789
Other	79,039	-	79,039
Unrestricted	<u>245,133</u>	<u>815,350</u>	<u>1,060,483</u>
Total Net Assets	<u>\$ 2,287,094</u>	<u>\$ 5,584,003</u>	<u>\$ 7,871,097</u>

See Accompanying Notes to Basic Financial Statements

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Charter Township of Elmwood Statement of Activities December 31, 2004

Functions/Programs	<u>Expenses</u>	<u>Program Revenues</u>		<u>Net (Expenses) Revenues and Changes in Net Assets</u>		<u>Total</u>
		<u>Fees and Charges For Services</u>	<u>Operating Grants and Contributions</u>	<u>Governmental Activities</u>	<u>Business-type Activities</u>	
Governmental Activities:						
Legislative	\$ 165,932	\$ -	\$ -	\$ (165,932)	\$ -	\$ (165,932)
General Government	210,681	-	-	(210,681)	-	(210,681)
Public Safety	311,915	74,818	-	(237,097)	-	(237,097)
Public Works	8,597	-	-	(8,597)	-	(8,597)
Recreation and Cultural	22,323	-	-	(22,323)	-	(22,323)
Other Functions	65,824	-	-	(65,824)	-	(65,824)
Capital Outlay	144,232	-	-	(144,232)	-	(144,232)
Debt Service	<u>16,102</u>	<u>-</u>	<u>-</u>	<u>(16,102)</u>	<u>-</u>	<u>(16,102)</u>
Total Governmental Activities	<u>945,606</u>	<u>74,818</u>	<u>-</u>	<u>(870,788)</u>	<u>-</u>	<u>(870,788)</u>
Business-type Activities:						
Marina	280,521	405,903	-	-	125,382	125,382
Water and Sewer	<u>460,515</u>	<u>287,782</u>	<u>-</u>	<u>-</u>	<u>(172,733)</u>	<u>(172,733)</u>
Total Business-type Activities	<u>741,036</u>	<u>693,685</u>	<u>-</u>	<u>-</u>	<u>(47,351)</u>	<u>(47,351)</u>
Total	<u>\$ 1,686,642</u>	<u>\$ 768,503</u>	<u>\$ -</u>	<u>(870,788)</u>	<u>(47,351)</u>	<u>(918,139)</u>
General Revenues:						
Property Taxes				510,410	-	510,410
Grants and Contributions Not Restricted to Specific Programs				286,021	-	286,021
Unrestricted Investment Earnings				47,458	16,172	63,630
Miscellaneous				<u>43,043</u>	<u>-</u>	<u>43,043</u>
Total General Revenues				<u>886,932</u>	<u>16,172</u>	<u>903,104</u>
Increase in Net Assets Before Transfers				16,144	(31,179)	(15,035)
Transfers				<u>(58,500)</u>	<u>58,500</u>	<u>-</u>
Change in Net Assets				(42,356)	27,321	(15,035)
Net Assets -- Beginning of Year				<u>2,329,450</u>	<u>5,556,682</u>	<u>7,886,132</u>
Net Assets -- End of Year				<u>\$ 2,287,094</u>	<u>\$ 5,584,003</u>	<u>\$ 7,871,097</u>

See Accompanying Notes to Basic Financial Statements

Tobin & Co.

Charter Township of Elmwood Balance Sheet Governmental Funds December 31, 2004

	<u>General</u>	<u>Fire Fund</u>	<u>Fire Building Fund</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
<u>Assets</u>					
Cash and Cash Equivalents	\$ 487,032	\$ 58,547	\$ 2,789	\$ 95,844	\$ 644,212
Accounts Receivable	65,442	-	-	-	65,442
Taxes Receivable – Current	195,791	221,755	-	62,321	479,867
Special Assessments Receivable	-	-	-	52,332	52,332
Due from Other Funds	57,298	90,312	-	-	147,610
Prepaid Expenses	<u>2,082</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,082</u>
Total	<u>\$ 807,645</u>	<u>\$ 370,614</u>	<u>\$ 2,789</u>	<u>\$ 210,497</u>	<u>\$ 1,391,545</u>
<u>Liabilities and Fund Equity</u>					
<u>Liabilities:</u>					
Accounts Payable	\$ 18,093	\$ 12,306	\$ -	\$ 16,970	\$ 47,369
Due to Other Funds	135,921	-	-	-	135,921
Deferred Revenue	<u>195,791</u>	<u>221,755</u>	<u>-</u>	<u>114,488</u>	<u>532,034</u>
Total	<u>349,805</u>	<u>234,061</u>	<u>-</u>	<u>131,458</u>	<u>715,324</u>
<u>Fund Equity:</u>					
Fund Balance – Unreserved	<u>457,840</u>	<u>136,553</u>	<u>2,789</u>	<u>79,039</u>	<u>676,221</u>
Total	<u>457,840</u>	<u>136,553</u>	<u>2,789</u>	<u>79,039</u>	<u>676,221</u>
Total Liabilities and Fund Equity	<u>\$ 807,645</u>	<u>\$ 370,614</u>	<u>\$ 2,789</u>	<u>\$ 210,497</u>	
Amounts reported for governmental activities on the statement of net assets are different because:					
Capital and intangible assets used in governmental activities are not financial resources and therefore are not reported in the funds.					1,823,580
Long-term liabilities do not use current financial resources and therefore are not reported in the funds.					(212,707)
Net assets of governmental activities.					<u>\$ 2,287,094</u>

See Accompanying Notes to Basic Financial Statements

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Charter Township of Elmwood
Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
For the Year Ended December 31, 2004

	<u>General</u>	<u>Fire Fund</u>	<u>Fire Building Fund</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
<u>Revenues</u>					
Taxes	\$ 185,414	\$ 76,517	\$ 173,891	\$ 74,588	\$ 510,410
Licenses and Permits	52,252	-	-	3,317	55,569
State Grants	284,839	-	-	1,182	286,021
Charges for Services	17,391	736	-	1,122	19,249
Interest and Rents	19,582	354	554	26,968	47,458
Other	<u>39,236</u>	<u>490</u>	<u>-</u>	<u>3,317</u>	<u>43,043</u>
Total	<u>598,714</u>	<u>78,097</u>	<u>174,445</u>	<u>110,494</u>	<u>961,750</u>
<u>Expenditures</u>					
Legislative	165,932	-	-	-	165,932
General Government	210,681	-	-	-	210,681
Public Safety	112,783	119,182	-	79,950	311,915
Public Works	7,385	-	-	1,212	8,597
Recreation and Cultural	22,323	-	-	-	22,323
Other	65,824	-	-	-	65,824
Capital Outlay	13,686	21,738	-	1,438	36,862
Debt Service	<u>-</u>	<u>-</u>	<u>138,200</u>	<u>26,000</u>	<u>164,200</u>
Total	<u>598,614</u>	<u>140,920</u>	<u>138,200</u>	<u>108,600</u>	<u>986,334</u>
<u>Excess Revenues (Expenditures)</u>	<u>100</u>	<u>(62,823)</u>	<u>36,245</u>	<u>1,894</u>	<u>(24,584)</u>
<u>Other Financing Sources (Uses)</u>					
Operating Transfers In	35,000	90,299	-	-	125,299
Operating Transfers (Out)	<u>(137,799)</u>	<u>-</u>	<u>(35,000)</u>	<u>(11,000)</u>	<u>(183,799)</u>
Total	<u>(102,799)</u>	<u>90,299</u>	<u>(35,000)</u>	<u>(11,000)</u>	<u>(58,500)</u>
<u>Excess Revenues (Expenditures) and Other Financing Sources (Uses)</u>	<u>(102,699)</u>	<u>27,476</u>	<u>1,245</u>	<u>(9,106)</u>	<u>(83,084)</u>
Fund Balance – Beginning of Year	<u>560,539</u>	<u>109,077</u>	<u>1,544</u>	<u>88,145</u>	<u>759,305</u>
Fund Balance – End of Year	<u>\$ 457,840</u>	<u>\$ 136,553</u>	<u>\$ 2,789</u>	<u>\$ 79,039</u>	<u>\$ 676,221</u>

See Accompanying Notes to Basic Financial Statements

Tobin & Co.

Charter Township of Elmwood
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances
Of Governmental Activities
For the Year Ended December 31, 2004

Net change in fund balances – total governmental funds	\$ (83,084)
Governmental funds report capital outlays as expenditures. However in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which depreciation exceeded capital outlays in the current period.	(107,370)
Repayment of note principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net assets. This is the amount of repayment during the period.	<u>148,098</u>
Changes in net assets of governmental activities	<u>\$ (42,356)</u>

See Accompanying Notes to Basic Financial Statements

Tobin & Co.

Charter Township of Elmwood
Statement of Net Assets
All Enterprise Funds
December 31, 2004

Assets

Cash and Cash Equivalents	\$ 1,004,836
Investments	307,922
Accounts Receivable	80,242
Special Assessments Receivable	1,164,027
Due from Other Activities	24,233
Capital Assets:	
Land	50,000
Other Capital Assets, Net of Depreciation	4,718,653
Intangible Asset, Net of Amortization	<u>45,416</u>
Total Assets	<u>7,395,329</u>

Liabilities

Accounts Payable and Accrued Expenses	165,383
Due to Other Activities	35,923
Long-term Liabilities, Net of Discounts:	
Due Within One Year	80,861
Due in More Than One Year	<u>1,529,159</u>
Total Liabilities	<u>1,811,326</u>

Net Assets

Invested in Capital and Intangible Assets, Net of Related Debt	4,768,653
Restricted	-
Unrestricted	<u>815,350</u>
Total Net Assets	<u>\$ 5,584,003</u>

See Accompanying Notes to Basic Financial Statements

Tobin & Co.

Charter Township of Elmwood
Statement of Revenues, Expenses and Changes in Net Assets
All Enterprise Funds
For the Year Ended December 31, 2004

Operating Revenues

Charges for Services	\$ 688,694
Special Assessments	-
Other	<u>4,991</u>
Total	<u>693,685</u>

Operating Expenses

Personnel Services	110,188
Supplies	19,594
Contractual Services	160,686
Computer Services	6,283
Maintenance & Repairs	117,038
Utilities	25,117
Depreciation	224,235
Insurance	10,382
Payments on Debt	114,549
Miscellaneous	<u>1,217</u>
Total	<u>789,289</u>

Operating Income (Loss)	<u>(95,604)</u>
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Non-operating Income (Expense)

Interest – Special Assessments	515
Interest on Investments	16,172
Interest and Fiscal Charges	<u>(23,544)</u>
Total	<u>(6,857)</u>

Net Income Before Other Financing Sources	(102,461)
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Other Financing Sources

Operating Transfers In	58,500
Operating Transfers Out	<u>-</u>
Total	<u>58,500</u>

Depreciation on Contributed Assets	<u>71,282</u>
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Net Income	27,321
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Net Assets – Beginning of Year	<u>5,527,862</u>
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Net Assets -- End of Year	<u>\$ 5,555,183</u>
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See Accompanying Notes to Basic Financial Statements

Tobin & Co.

Charter Township of Elmwood
Statement of Cash Flows
All Enterprise Funds
For the Year Ended December 31, 2004

Operating Activities

Collection of Charges for Services	\$ 693,124
Collection of Special Assessments	69,221
Collection of Other Income	515
Collection of Interest and Unrealized Gains	16,172
Deduct Expenses Using Cash and Cash Equivalents	<u>(530,320)</u>
Net Cash Flow From Operating Activities	<u>248,712</u>

Capital Financing Activities

Acquisition of Capital Assets	(1,457,052)
Bond Proceeds, Plus Premium	1,216,205
Bond Origination Costs	(46,734)
Operating Transfers	58,500
Principal Payments	(40,171)
Capital Contributions	<u>306,783</u>
Net Cash Flow (Used By) Capital Financing Activities	<u>37,531</u>

Net Increase in Cash 286,243

Balance of Cash and Investments – Beginning of Year 718,593

Balance of Cash and Investments – End of Year \$ 1,004,836

Reconciliation of Change in Nets Assets and Net Cash Flow From Operating Activities

Change in Net Assets	\$ 27,321
Adjustments to Reconcile Net Earnings:	
Depreciation and Amortization	163,674
(Increase) in Accounts Receivables	(561)
Increase in Payables	<u>58,278</u>
Net Cash Flow from Operating Activities	<u>\$ 248,712</u>

See Accompanying Notes to Basic Financial Statements

Tobin & Co.

Charter Township of Elmwood
Statement of Fiduciary Net Assets
December 31, 2004

Assets

Cash and Investments	\$ 322,520
Total Assets	<u>322,520</u>

Liabilities

Accounts Payable	-
Undistributed Taxes and Interest	322,254
Escrow Deposits	<u>266</u>
Total Liabilities	<u>322,520</u>
Net Assets	<u>\$ -</u>

See Accompanying Notes to Basic Financial Statements

Tobin & Co.

Charter Township of Elmwood Notes to Financial Statements December 31, 2004

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

Charter Township of Elmwood was incorporated as a charter township in 1976 and is located in Leelanau County, Michigan. Population as of the 2000 census was 4,264, and the current State equalized valuation is \$308,480,100.

The Township's basic financial statements include the accounts of all Township operations. The criteria for including organizations within the Township's reporting entity, as set forth in GASB No. 14, "*The Financial Reporting Entity*" includes oversight responsibility, fiscal dependency and whether the financial statements would be misleading if data were not included.

Based on the above criteria, there are no other organizations included in these financial statements.

B. Basis of Presentation

The government-wide financial statements (the statement of net assets and the statement of changes in net assets) report information on all of the activities of the Township. The effect of interfund activity, within the governmental activities column, has been removed from these statements.

The statement of activities demonstrates the degree to which the direct expenses of a given program are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific program. Program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given program and 2) operating or capital grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Taxes and other items not properly included among program revenues are reported instead as general revenues.

Fund Financial Statements:

The Township segregates transactions related to certain functions or activities in separate funds in order to aid financial management and to demonstrate legal compliance. These statements present each major fund as a separate column on the fund financial statements; all non-major funds are aggregated and presented in a single column.

Governmental funds are those funds through which most governmental functions typically are financed. The measurement focus of governmental funds is on the sources, uses and balance of current financial resources. The Township has presented the following governmental funds:

General Fund – This fund is used to account for all financial transactions not accounted for in another fund, including the general operating expenditures of the Township. Revenues are derived primarily from property taxes, state distributions or grants, and other intergovernmental revenues.

Special Revenue Funds – These funds are used to account for specific governmental revenues (other than expendable trusts and major capital projects) requiring separate accounting because of legal or regulatory provisions or administrative action.

Debt Service Funds – These funds are used to account for special assessments and other resources to be used for the payment of interest and principal on long-term debt.

Proprietary Funds – These funds are accounted for using the economic resources measurement focus and the accrual basis of accounting. The accounting objectives are determinations of net income, financial position, and cash flow. All assets and liabilities are included in the statement of net assets.

Fiduciary Funds

These funds are used to account for assets held in a trustee capacity or as an agent for individuals, private organizations, other governments, and/or other funds.

Tobin & Co.

Charter Township of Elmwood
Notes to Financial Statements
December 31, 2004

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. Measurement Focus/Basis of Accounting

Measurement focus refers to what is being measured; basis of accounting refers to when revenues and expenditures are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurement made, regardless of the measurement focus applied.

The government-wide statements and fund financial statements for proprietary funds are reported using the economic resources measurement focus and the accrual basis of accounting. The economic resources measurement focus means all assets and liabilities (whether current or non-current) are included on the statement of net assets and the operating statements present increases (revenues) and decreases (expenses) in net total assets. Under the accrual basis of accounting, revenues are recognized when earned, including unbilled water and sewer services which are accrued. Expenses are recognized at the time the liability is incurred.

Governmental fund and agency fund financial statements are reported using the current financial resources measurement focus and are accounted for using the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recognized when susceptible to accrual; i.e., when they become both measurable and available. "Measurable" means the amount of the transaction can be determined and "available" means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. The Township considers property taxes as available if they are collected within 60 days after year end. A one-year availability period is used for recognition of all other Governmental Fund revenues. Expenditures are recorded when the related fund liability is incurred. However, debt service expenditures, as well as expenditures related to compensated absences are recorded only when payment is due.

The revenue susceptible to accrual are property taxes, franchise fees, licenses, charges for service, interest income and intergovernmental revenues. All other governmental fund revenues are recognized when received.

D. Budgets

The General Fund and Special Revenue Funds are under formal budgetary control. Budgets shown in the financial statements for these funds were prepared on a basis not significantly different from the modified accrual basis used to reflect actual results and consist only of those amounts contained in the formal budget approved and amended by the Township.

In the body of the financial statements and the required supplementary schedules, the Township's actual and budgeted expenditures for the budgetary funds have been shown on a functional basis. The approved budgets for these funds were adopted to the activity or cost center level.

For budgetary purposes appropriations lapse at fiscal year end.

E. Capital Assets

Capital assets, which include property, plant, and equipment, are reported in the applicable governmental columns or business-type activities in the government-wide financial statements. All capital assets are valued at historical cost or estimated historical cost if actual historical is not available. Donated assets are valued at their fair market value on the date donated. Repairs and maintenance are recorded as expenses. Renewals and betterments are capitalized. Interest is capitalized during the construction period on property, plant and equipment.

Assets capitalized have an original cost of \$1,000 or more and over one year of useful life. Depreciation has been calculated on each class of depreciable property using the straight-line method. Estimated useful lives are as follows:

Sewer and Water Systems	25 - 50 years
Buildings	30 - 40 years
Land Improvements	10 - 25 years
Equipment	10 years
Vehicles	5 - 15 years
Office Furniture and Computer Equipment	5 - 10 years

Tobin & Co.

Charter Township of Elmwood Notes to Financial Statements December 31, 2004

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

F. Cash and Cash Equivalents

For purposes of the statement of cash flows, the proprietary fund type considers all highly liquid investments with a remaining maturity of three months or less when purchased to be cash equivalents.

G. Investments

All investments are recorded at fair value based on quoted market prices. Fair value is the amount at which a financial instrument could be exchanged in a current transaction between willing parties.

H. Prepaid Items

Prepaid balances are for payments made by the Township in the current year to provide services occurring in subsequent fiscal years.

I. Property Tax Procedures and Collections

Properties are assessed as of December 31 and the related property taxes become a lien the following July 1 and/or December 1. Real property taxes are collected by the Township Treasurer through February 28 of each year. As of March 1, uncollected real property taxes are returned delinquent to, and collected by, the County Treasurer. Personal property taxes remain the responsibility of the Township Treasurer to collect. It is the policy of the Township to record the real property taxes in the year of levy.

During the collection period prior to March 1, the Township Treasurer makes distribution of the property tax collections to the various taxing units (County, School District, etc.) as required by statute.

For the fiscal year the Township levied property taxes as follows:

	<u>SEV</u>	<u>Taxable Value</u>	<u>Millage Rate</u>
General Operating	\$308,480,100	\$220,803,484	0.7078
Fire Protection	\$308,480,100	\$220,803,484	1.2819
Police Protection	\$308,480,100	\$220,803,484	0.3824

J. Special Assessment Revenue

Special Assessment Revenue is recognized in the year of levy. The Township has elected to recognize advance payments of special assessments as revenue upon receipt rather than allocating a portion of such payments to each year's levy.

K. Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Tobin & Co.

Charter Township of Elmwood Notes to Financial Statements December 31, 2004

NOTE 2 - STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

- A. There were no violations of legal provisions and/or contractual provisions of various agreements related to financial matters.
- B. All funds had positive fund balances at December 31, 2004.
- C. Public Act 621 of 1978, §18, provides that a local unit shall not incur expenditures in excess of the amount appropriated. For the year ended December 31, 2004, no activity overexpended its budget without formal Board amendment.

NOTE 3 - DEPOSITS WITH FINANCIAL INSTITUTIONS

A. Legal Provisions for Deposits and Investments

Act 20, Public Acts of 1943, as amended by Act 217, Public Acts of 1982, and Act 196, Public Acts of 1997, states that the Township, by resolution, may authorize the Treasurer to invest surplus funds as follows:

- (1) In bonds and other direct obligations of the United States or an agency or instrumentality of the United States.
- (2) In certificates of deposit, savings accounts, deposit accounts, or depository receipts of a bank which is a member of the Federal Deposit Insurance Corporation or a savings and loan association which is a member of the Federal Savings and Loan Insurance Corporation or a credit union which is insured by the National Credit Union Administration, but only if the bank, savings and loan association, or credit union complies with subsection (2).
- (3) In commercial paper rated at the time of purchase within the two highest classifications established by not less than two standard rating services and which matures not more than 270 days after date of purchase.
- (4) In repurchase agreements consisting of instruments defined in (1) above.
- (5) In bankers' acceptances of United States Banks.
- (6) In obligations of the State of Michigan or any of its political subdivisions that at the time of purchase are rated as investment grade by not less than one standard rating service.
- (7) In mutual funds registered under the investment company Act of 1940 with the authority to purchase only investment vehicles that are legal for direct investment by local units of government in Michigan.

B. Types of Deposits and Investments

The Township had \$1,990,351 deposited with local financial institutions at December 31, 2004 with a carrying value of \$1,971,398. Interpreting the FDIC insurance coverage of \$100,000 of demand deposits and \$100,000 of time deposits per financial institution, the Township had \$1,571,398 of uninsured deposits at December 31, 2004.

Investments of \$307,922 are carried at market value and represent pooled investments and mutual funds composed of investment vehicles which are legal for direct investment by local units of government in Michigan.

Tobin & Co.

Charter Township of Elmwood Notes to Financial Statements December 31, 2004

NOTE 4 - RECEIVABLES

\$47,494 of accounts receivable of governmental activities represent State shared revenues for December 2004 received in January 2005.
\$17,948 of accounts receivable of governmental activities represent cablevision franchise fees.
\$80,242 of accounts receivable of business-type activities represents billed but uncollected sewer and water usage fees as of December 31, 2004.

NOTE 5 - CAPITAL/INTANGIBLE ASSETS

	<u>12/31/03</u>	<u>Additions</u>	<u>Deletions</u>	<u>12/31/04</u>
Governmental Activities:				
Land	\$ 112,810	\$ -	\$ -	\$ 112,810
Land Improvements	221,839	-	-	221,839
Buildings	1,426,927	-	-	1,426,927
Machinery and Equipment	371,851	8,700	-	380,551
Vehicles	488,375	-	-	488,375
Office Equipment	<u>54,762</u>	<u>15,793</u>	-	<u>70,555</u>
Total	2,676,564	24,493	-	2,701,057
Less Accumulated Depreciation	<u>(745,614)</u>	<u>(131,863)</u>	-	<u>(877,477)</u>
Governmental Activities Capital Assets, Net	<u>\$ 1,930,950</u>	<u>\$ (107,370)</u>	<u>\$ -</u>	<u>\$ 1,823,580</u>
Business-type Activities:				
Land	\$ 50,000	\$ -	\$ -	\$ 50,000
Sewer and Water Systems	3,229,736	1,844,757	-	5,074,493
Marina	2,307,543	201,196	-	2,508,739
Less Accumulated Depreciation	<u>(2,652,132)</u>	<u>(224,234)</u>	-	<u>(2,876,366)</u>
Business-type Activities Capital Assets, Net	<u>\$ 2,935,147</u>	<u>\$ 1,821,719</u>	<u>\$ -</u>	<u>\$ 4,756,866</u>

Intangible assets at December 31, 2004 consisted of bond origination costs of \$46,734 incurred in 2004, less accumulated amortization of \$1,318.

NOTE 6 - LOANS AND TRANSFERS BETWEEN FUNDS

The following is a summary of interfund receivables/payables as of December 31, 2004:

Receivable of Fire Fund	\$ 90,312
Receivable of Sewer Fund	5,584
Receivable of Timberlee Water Fund	18,649
Payable of Marina Fund	(35,923)
Payable of General Fund	<u>(78,622)</u>
	<u>\$ -</u>

During the audit year the General Fund transferred \$35,000 to the Timberlee Water Fund, the Fire Building Fund transferred \$35,000 to the General Fund, the Northern Lites Debt Service transferred \$11,000 to the Marina Fund, and the General Fund transferred \$12,500 to the Greilickville Water Main Fund.

Tobin & Co.

Charter Township of Elmwood Notes to Financial Statements December 31, 2004

NOTE 7 - LONG-TERM DEBT

A. Listed below are descriptions of the bond issues and installment contracts included in the Township governmental activities and business-type activities.

1. Elmwood Township Special Assessment Bonds, 2004 Bond Issue dated 7/1/04, original issue amount \$1,200,000, interest rates 4.30% - 4.375%, interest due dates 3/1 and 9/1, principal due date 3/1. Used to finance Greilickville water main.
2. 1999 Elmwood Township Special Assessment Bonds, original issue amount \$195,000, interest rate 5.0%, interest due dates 5/1 and 11/1, principal due date 11/1. Used to finance Leelanau Hills Special Assessment District.
3. 2002 Elmwood Township Special Assessment Bonds, original issue amount \$79,000, interest rate 4.85%, interest due dates 5/1 and 11/1, principal due date 11/1. Used to finance improvements to Timberlee Water Fund.
4. \$500,000 installment note payable to bank dated 7/26/02, 4.14% interest rate, principal and interest amounting to \$138,200 due annually on July 26. Used to finance construction of fire hall.
5. \$419,000 installment note payable to bank dated 7/9/02, 4.51% interest rate, due in monthly installments of \$4,348 including interest. Used to finance Marina expansion.

B. Changes in long-term debt are scheduled below:

Bonds Payable:	Balance 1/01/04	Additions	Retirements	Balance 12/31/04
1999 Special Assessment Bonds (Leelanau Hills)	\$ 100,000	\$ -	\$ 21,000	\$ 79,000
2002 Special Assessment Bonds (Timberlee)	66,000	-	8,000	58,000
2004 Special Assessment Bonds	-	1,200,000	-	1,200,000
	<u>\$ 166,000</u>	<u>\$ 1,200,000</u>	<u>\$ 29,000</u>	<u>\$ 1,337,000</u>
General Long-term Debt:	Balance 1/01/04	Additions	Retirements	Balance 12/31/04
4.14% Note Payable to Bank	\$ 260,805	\$ -	\$ 127,098	\$ 133,707
4.51% Note Payable to Bank	367,986	-	32,864	335,122
	<u>\$ 628,791</u>	<u>\$ -</u>	<u>\$ 159,962</u>	<u>\$ 468,829</u>

Tobin & Co.

Charter Township of Elmwood Notes to Financial Statements December 31, 2004

NOTE 7 - LONG-TERM DEBT (Continued)

C. Debt service requirements to maturity:

	Enterprise Fund Water System Bonds		Other Bonds Payable and General Long-Term Debt	
	Principal	Interest	Principal	Interest
2005	\$ 35,000	\$ 63,162	\$ 200,545	\$ 26,636
2006	65,000	51,881	68,500	17,921
2007	60,000	49,179	70,402	14,661
2008	65,000	46,460	67,309	11,316
2009	65,000	43,633	53,303	8,134
2010	60,000	40,906	55,389	5,660
2011	60,000	38,281	57,571	3,090
2012	60,000	35,656	32,731	569
2013	65,000	32,922	-	-
2014	60,000	30,188	-	-
2015	-	27,555	-	-
2016	120,000	24,915	-	-
2017	-	22,230	-	-
2018	120,000	19,500	-	-
2019	-	16,695	-	-
2020	120,000	13,815	-	-
2021	-	10,875	-	-
2022	120,000	7,875	-	-
2023	-	4,845	-	-
2024	125,000	1,657	-	-
	<u>\$ 1,200,000</u>	<u>\$ 582,230</u>	<u>\$ 605,750</u>	<u>\$ 87,987</u>

NOTE 8 - RETIREMENT PLAN

The Township has a defined contribution pension plan with Manulife Insurance Company for all full-time salaried employees and elected officials. In a defined contribution plan, benefits depend solely on amounts contributed to the plan plus investment earnings. Under the plan, the Township is required to contribute \$100 for every \$1,000 of annual compensation. The Township pays 100% of the premium. The Township contribution was \$22,913 for the year.

NOTE 9 - DEFERRED COMPENSATION PLAN

The Township offers all Township officers, officials and employees who are employed for more than thirty hours per week a deferred compensation plan created in accordance with Internal Revenue Code Section 457. The plan permits the participants to defer a portion of their salary until future years. The deferred compensation is not available to employees until termination, retirement, death or unforeseeable emergencies.

The Township Board administers the plan and is responsible under Ordinance #113 to "review and approve any insurance company seeking to sell insurance, annuity or mutual fund contracts under this plan."

NOTE 10- INVENTORIES

Charter Township of Elmwood does not maintain a substantial inventory of supplies or materials. Purchases are normally made as needed, and the items are recorded as expense at the time of purchase.

NOTE 11- TAXES RECEIVABLE

Current property taxes receivable are offset by deferred revenue until the beginning of the Township fiscal year, at which time the current levy is recognized as revenue. Total taxes receivable at December 31, 2004 were \$479,867. Special assessments receivable in the governmental funds of \$52,332 is offset by deferred revenue with the current installment recognized as revenue each year.

Tobin & Co.

Charter Township of Elmwood Notes to Financial Statements December 31, 2004

NOTE 12- COMPENSATED ABSENCES

Employees are allowed to accrue four hours of sick leave each month. One quarter of the sick days vest under the Township's policy. At December 31, 2004 the accrued vested liability was not material and has not been reflected in the accompanying financial statements. Further, with respect to the unvested part of accrued sick pay, employees can be paid sick leave only when sick. Since the employees accumulating rights to receive compensation for future absences are contingent upon the absences being caused by future illnesses and those amounts cannot be reasonably estimated, the unvested liability for sick leave is not recorded in the financial statements.

Employees are granted vacation leave up to 15 days annually depending upon years of service. In the event of termination, an employee is reimbursed for any unused, accumulated leave. Employees are permitted to carry over no more than five days of accumulated leave to the next calendar year. The Township has not recorded the accumulated vacation leave liability because the amount at December 31, 2004 is not material.

NOTE 13- SEGMENT INFORMATION – ENTERPRISE FUNDS

The Township maintains enterprise funds which provide water, sewer, and marina services. Segment information for the year ended December 31, 2004 was as follows:

	<u>Sewer Fund</u>	<u>Marina Fund</u>	<u>Timberlee Water Fund</u>	<u>Greilickville Water Main Fund</u>
Operating Revenue	\$ 240,809	\$ 405,903	\$ 46,973	\$ -
Depreciation	95,912	109,600	18,723	-
Operating Income (Loss)	(111,663)	125,382	(37,591)	-
Net Income (Loss)	(111,663)	124,391	(6,032)	20,625
Current Capital Contributions	223,352	-	-	1,229,288
Net Working Capital	442,259	407,697	88,524	466,804
Total Assets	2,505,476	1,892,313	416,517	416,517
Bonds and Long-term Liabilities	-	-	-	1,213,820
Total Equity	2,464,946	1,516,637	339,653	20,625

NOTE 14- CONTINGENT LIABILITIES

Township management is aware of no contingent liabilities on the part of the Township.

NOTE 15- RISK MANAGEMENT

The Township is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. During the audit year the Township addressed these risks through the purchase of commercial insurance through Municipal Underwriters of Michigan. There was no significant reduction of insurance coverage from prior years nor have the amounts of any settlements exceeded insurance coverage in any of the past three fiscal years.

SUPPLEMENTAL DATA SECTION

Tobin & Co.

Charter Township of Elmwood Statement of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual General Fund For the Year Ended December 31, 2004

Schedule 1
Page 1

<u>Revenues</u>	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
	<u>Original</u>	<u>Final</u>		
Taxes:				
Current Taxes	\$ 128,000	\$ 128,000	\$ 128,889	\$ 889
Delinquent Taxes	10,000	10,000	11,902	1,902
PTAF	44,000	44,000	44,623	623
Licenses and Permits:				
Zoning and Platting Fees	8,000	8,000	8,348	348
Cable Fees	44,000	44,000	43,904	(96)
State Grants:				
State Shared Revenues	296,000	296,000	279,215	(16,785)
Uniform Traffic	2,500	2,500	3,172	672
Metro Act	-	-	2,452	2,452
Charges for Services:				
Fees	4,000	4,000	4,250	250
Summer Tax	12,000	12,000	12,314	314
Sales	900	900	827	(73)
Interest and Rents:				
Interest	4,000	4,000	7,108	3,108
Rents	11,000	11,000	12,474	1,474
Other:				
Reimbursements	-	-	36,000	36,000
Miscellaneous	300	300	3,236	2,936
Total Revenues	<u>564,700</u>	<u>564,700</u>	<u>598,714</u>	<u>34,014</u>
<u>Expenditures</u>				
Legislative:				
Township Board:				
Salaries and Wages – Trustees	-	12,800	11,200	-
Salaries and Wages – Other	-	18,810	19,376	-
Public Access Franchise	-	8,000	8,933	-
Memberships & Dues	-	6,000	6,252	-
Office Supplies	-	100	118	-
Professional Services:				
Legal	-	90,000	89,726	-
Audit	-	2,000	2,451	-
Engineering	-	11,000	14,473	-
Transportation	-	50	-	-
Printing	-	4,500	8,011	-
Education	-	1,500	1,372	-
Miscellaneous	-	15,000	4,020	-
Total	<u>99,760</u>	<u>169,760</u>	<u>165,932</u>	<u>3,828</u>
Total Legislative	<u>99,760</u>	<u>169,760</u>	<u>165,932</u>	<u>3,828</u>

The Notes to the Basic Financial Statements are an integral part of this statement.

Tobin & Co.

Charter Township of Elmwood
Statement of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual
General Fund
For the Year Ended December 31, 2004

Schedule 1
Page 2

Expenditures (Continued)	Budgeted Amounts		Actual	Variance Favorable (Unfavorable)
	Original	Final		
General Government:				
Township Supervisor:				
Salaries and Wages	-	-	33,013	-
Office Supplies	-	-	142	-
Transportation	-	-	454	-
Education and Training	-	-	282	-
Total	34,384	34,384	33,891	493
Elections:				
Salaries and Wages	-	-	9,272	-
Office Supplies	-	-	1,879	-
Contracted Services	-	-	1,878	-
Transportation	-	-	71	-
Printing	-	-	3,172	-
Education	-	-	18	-
Total	11,200	11,200	16,290	(5,090)
Assessor:				
Salaries and Wages	-	-	38,900	-
Office Supplies	-	-	2,261	-
Operating Supplies	-	-	740	-
Transportation	-	-	1,009	-
Education	-	-	1,056	-
Total	44,850	44,850	43,966	884
Clerk:				
Salaries and Wages	-	-	34,657	-
Contracted Fees	-	-	2,076	-
Office Supplies	-	-	840	-
Transportation	-	-	2	-
Education	-	-	216	-
Repairs	-	-	24	-
Total	44,959	44,959	37,815	7,144
Board of Review:				
Salaries and Wages	-	-	945	-
Office Supplies	-	-	87	-
Printing	-	-	123	-
Total	1,250	1,250	1,155	95

The Notes to the Basic Financial Statements are an integral part of this statement.

Tobin & Co.

Charter Township of Elmwood
Statement of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual
General Fund
For the Year Ended December 31, 2004

Schedule 1
Page 3

Expenditures (Continued)	Budgeted Amounts		Actual	Variance Favorable (Unfavorable)
	Original	Final		
General Government (Continued):				
Treasurer:				
Salaries and Wages	-	-	40,884	-
Office Supplies	-	-	4,885	-
Transportation	-	-	170	-
Repairs	-	-	86	-
Education	-	-	421	-
Contracted	-	-	6,775	-
Total	45,334	53,834	53,221	613
Township Hall:				
Salaries	-	-	2,169	-
Office Supplies	-	-	5,060	-
Operating Supplies	-	-	657	-
Janitorial Service	-	-	2,975	-
Telephone	-	-	3,436	-
Repairs	-	-	3,625	-
Public Utilities	-	-	6,421	-
Total	23,860	24,660	24,343	317
Total General Government	205,837	215,137	210,681	4,456
Planning:				
Salaries and Wages	-	-	6,930	-
Office Supplies	-	-	274	-
Professional Services – Legal	-	-	8,197	-
Professional Services – Planning	-	-	48,407	-
Printing	-	-	1,072	-
Memberships	-	-	600	-
Total	24,800	69,800	65,480	4,320
Planning Administration:				
Salaries and Wages	-	-	32,550	-
Education	-	-	764	-
Total	33,650	33,650	33,314	336
Zoning Board of Appeals:				
Salaries and Wages	-	-	1,902	-
Office Supplies	-	-	120	-
Professional Services – Legal	-	-	808	-
Printing	-	-	137	-
Education	-	-	300	-
Total	6,930	6,930	3,267	3,663

The Notes to the Basic Financial Statements are an integral part of this statement.

Tobin & Co.

Charter Township of Elmwood
Statement of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual
General Fund
For the Year Ended December 31, 2004

Schedule 1
Page 4

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance</u> <u>Favorable</u> <u>(Unfavorable)</u>
	<u>Original</u>	<u>Final</u>		
<u>Expenditures (Continued)</u>				
Zoning Administration:				
Salaries and Wages	-	-	9,685	-
Office Supplies	-	-	39	-
Professional Services – Legal	-	-	513	-
Transportation	-	-	285	-
Education	-	-	200	-
Total	<u>12,865</u>	<u>12,865</u>	<u>10,722</u>	<u>2,143</u>
Total Public Safety	<u>78,245</u>	<u>123,245</u>	<u>112,783</u>	<u>10,462</u>
Public Works:				
Street Lighting	<u>8,500</u>	<u>8,500</u>	<u>7,385</u>	<u>1,115</u>
Total	<u>8,500</u>	<u>8,500</u>	<u>7,385</u>	<u>1,115</u>
Recreation & Cultural:				
Parks:				
Salaries and Wages	-	-	11,674	-
Repairs and Maintenance	-	-	8,994	-
Supplies	-	-	378	-
Public Utilities	-	-	1,277	-
Total	<u>17,180</u>	<u>17,180</u>	<u>22,323</u>	<u>(5,143)</u>
Total Recreation and Cultural	<u>17,180</u>	<u>17,180</u>	<u>22,323</u>	<u>(5,143)</u>
Other Functions:				
Employee Fringe Benefits	58,930	58,680	54,136	4,544
Insurance and Bonds	10,200	10,200	11,688	(1,488)
Tax Tribunal Refunds	<u>500</u>	<u>500</u>	-	<u>500</u>
Total Other Functions	<u>69,630</u>	<u>69,380</u>	<u>65,824</u>	<u>3,556</u>
Capital Outlay	<u>48,450</u>	<u>60,700</u>	<u>13,686</u>	<u>47,014</u>
Total Expenditures	<u>527,602</u>	<u>663,902</u>	<u>598,614</u>	<u>65,288</u>
<u>Excess Revenues (Expenditures)</u>	<u>37,098</u>	<u>(99,202)</u>	<u>100</u>	<u>99,302</u>
<u>Other Financing Sources (Uses)</u>				
Operating Transfers In	66,000	66,000	35,000	(31,000)
Operating Transfers (Out)	<u>(102,000)</u>	<u>(149,500)</u>	<u>(137,799)</u>	<u>11,701</u>
Total	<u>(36,000)</u>	<u>(83,500)</u>	<u>(102,799)</u>	<u>(19,299)</u>
<u>Excess Revenues (Expenditures) and</u> <u>Other Financing Sources (Uses)</u>	(1) <u>\$ 1,098</u>	<u>\$ (182,702)</u>	<u>(102,699)</u>	<u>\$ 80,003</u>
Fund Balance – Beginning of Year			<u>560,539</u>	
Fund Balance – End of Year			<u>\$ 457,840</u>	

(1) Budgeted from Fund Balance

The Notes to the Basic Financial Statements are an integral part of this statement.

Tobin & Co.

Charter Township of Elmwood Statement of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual Fire Fund For the Year Ended December 31, 2004

Schedule 2

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
	<u>Original</u>	<u>Final</u>		
<u>Revenues</u>				
Property Taxes	\$ 76,000	\$ 76,000	\$ 76,517	\$ 517
Interest	400	400	354	(46)
Charges for Services	400	400	736	336
Other	-	-	490	490
Total	<u>76,800</u>	<u>76,800</u>	<u>78,097</u>	<u>1,297</u>
<u>Expenditures</u>				
Salaries and Wages	65,000	65,000	48,511	16,489
Fringe Benefits	5,200	5,200	3,711	1,489
Repairs	14,500	14,500	17,367	(2,867)
Utilities	8,180	8,180	10,210	(2,030)
Telephone	2,000	2,000	1,735	265
Education	9,000	9,000	3,329	5,671
Insurance	13,000	13,000	13,753	(753)
Memberships	2,000	2,000	1,536	464
Physicals	3,000	3,000	1,934	1,066
Fire, Rescue Supplies	16,200	16,200	7,861	8,339
Workmens Compensation	2,000	2,000	2,440	(440)
Fuel	5,000	5,000	2,340	2,660
Community	1,200	1,200	835	365
Transportation	500	500	131	369
Snow	1,000	1,000	-	1,000
Office Supplies	2,000	2,000	1,676	324
Professional Fees – Audit	600	600	1,200	(600)
Professional Fees – Legal	500	500	113	387
Equipment	27,000	27,000	21,738	5,262
Miscellaneous	<u>200</u>	<u>200</u>	<u>500</u>	<u>(300)</u>
Total	<u>178,080</u>	<u>178,080</u>	<u>140,920</u>	<u>37,160</u>
<u>Excess Revenues (Expenditures)</u>	<u>(101,280)</u>	<u>(101,280)</u>	<u>(62,823)</u>	<u>38,457</u>
<u>Other Financing Sources (Uses)</u>				
Operating Transfers In	102,000	102,000	90,299	(11,701)
Operating Transfers (Out)	-	-	-	-
Total	<u>102,000</u>	<u>102,000</u>	<u>90,299</u>	<u>(11,701)</u>
<u>Excess Revenues (Expenditures) and Other Financing Sources (Uses)</u>	<u>\$ 720</u>	<u>\$ 720</u>	<u>27,476</u>	<u>\$ 26,756</u>
Fund Balance – Beginning of Year			<u>109,077</u>	
Fund Balance – End of Year			<u>\$ 136,553</u>	

The Notes to the Basic Financial Statements are an integral part of this statement.

Tobin & Co.

Charter Township of Elmwood
Statement of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual
Fire Building Fund
For the Year Ended December 31, 2004

Schedule 3

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance</u> <u>Favorable</u> <u>(Unfavorable)</u>
<u>Revenues</u>	<u>Original</u>	<u>Final</u>		
Property Taxes	\$ 172,000	\$ 172,000	\$ 173,891	\$ 1,891
Interest Earned	500	500	554	54
Total	172,500	172,500	174,445	1,945
<u>Expenditures</u>				
Interest on Debt	11,006	11,006	11,102	(96)
Debt Principal	161,494	161,494	127,098	34,396
Total	172,500	172,500	138,200	34,300
<u>Excess Revenues (Expenditures)</u>	-	-	36,245	36,245
<u>Other Financing Sources (Uses)</u>				
Operating Transfers In	-	-	-	-
Operating Transfers (Out)	-	-	(35,000)	(35,000)
Total	-	-	(35,000)	(35,000)
<u>Excess Revenues (Expenditures) and</u> <u>Other Financing Sources (Uses)</u>	\$ -	\$ -	1,245	\$ 1,245
Fund Balance – Beginning of Year			1,544	
Fund Balance – End of Year			\$ 2,789	

The Notes to the Basic Financial Statements are an integral part of this statement.

Tobin & Co.

Charter Township of Elmwood
Combining Balance Sheet
Non-Major Governmental Funds
December 31, 2004

Schedule 4

<u>Assets</u>	<u>Special Revenue</u>			<u>Debt Service</u>		<u>Total</u>
	<u>Police</u>	<u>Liquor Law Enforcement</u>	<u>Street Lighting</u>	<u>Northern Lites</u>	<u>Leelanau Hills</u>	
Cash	\$ 51,424	\$ -	\$ 493	\$ 769	\$ 43,158	\$ 95,844
Special Assessments Receivable	-	-	165	15,021	37,146	52,332
Taxes Receivable	<u>62,321</u>	-	-	-	-	<u>62,321</u>
Total Assets	<u>\$ 113,745</u>	<u>\$ -</u>	<u>\$ 658</u>	<u>\$ 15,790</u>	<u>\$ 80,304</u>	<u>\$ 210,497</u>
<u>Liabilities and Fund Equity</u>						
Liabilities:						
Accounts Payable	\$ 16,970	\$ -	\$ -	\$ -	\$ -	\$ 16,970
Deferred Revenue	<u>62,321</u>	-	-	<u>15,021</u>	<u>37,146</u>	<u>114,488</u>
Total	<u>79,291</u>	-	-	<u>15,021</u>	<u>37,146</u>	<u>131,458</u>
Fund Equity:						
Fund Balance	<u>34,454</u>	-	<u>658</u>	<u>769</u>	<u>43,158</u>	<u>79,039</u>
Total	<u>34,454</u>	-	<u>658</u>	<u>769</u>	<u>43,158</u>	<u>79,039</u>
Total Liabilities and Fund Balance	<u>\$ 113,745</u>	<u>\$ -</u>	<u>\$ 658</u>	<u>\$ 15,790</u>	<u>\$ 80,304</u>	<u>\$ 210,497</u>

The Notes to the Basic Financial Statements are an integral part of this statement.

Tobin & Co.

Charter Township of Elmwood Combining Statement of Revenues, Expenditures and Changes in Fund Balance Non-Major Governmental Funds December 31, 2004

Schedule 5

Revenues	Special Revenue			Debt Service		Total
	Police	Liquor Law Enforcement	Street Lighting	Northern Lites	Leelanau Hills	
Property Taxes	\$ 74,588	\$ -	\$ -	\$ -	\$ -	\$ 74,588
State Grant	-	3,317	-	-	-	3,317
Interest Earned	574	-	-	36	572	1,182
Charges for Services	-	-	1,122	-	-	1,122
Special Assessments	-	-	-	10,842	16,126	26,968
Reimbursements	3,317	-	-	-	-	3,317
Total	78,479	3,317	1,122	10,878	16,698	110,494
<u>Expenditures</u>						
Public Safety	76,633	3,317	-	-	-	79,950
Public Works	-	-	665	-	547	1,212
Capital Outlay	1,438	-	-	-	-	1,438
Debt Service	-	-	-	-	26,000	26,000
Total	78,071	3,317	665	-	26,547	108,600
<u>Excess Revenues</u> <u>(Expenditures)</u>	408	-	457	10,878	(9,849)	1,894
<u>Other Financing</u> <u>Sources (Uses)</u>						
Operating Transfers In	-	-	-	-	-	-
Operating Transfers (Out)	-	-	-	(11,000)	-	(11,000)
Total	-	-	-	(11,000)	-	(11,000)
<u>Excess Revenues</u> <u>(Expenditures) and</u> <u>Other Financings</u> <u>Sources (Uses)</u>	408	-	457	(122)	(9,849)	(9,106)
Fund Balance -- Beg. of Year	34,046	-	201	891	53,007	88,145
Fund Balance -- End of Year	\$ 34,454	\$ -	\$ 658	\$ 769	\$ 43,158	\$ 79,039

The Notes to the Basic Financial Statements are an integral part of this statement.

Tobin & Co.

Charter Township of Elmwood
Statement of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual
Police Enforcement Fund
For the Year Ended December 31, 2004

Schedule 6

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
	<u>Original</u>	<u>Final</u>		
<u>Revenues</u>				
Property Taxes	\$ 74,650	\$ 74,650	\$ 74,588	\$ (62)
Interest Earned	350	350	574	224
Reimbursements	<u>2,700</u>	<u>2,700</u>	<u>3,317</u>	<u>617</u>
Total	<u>77,700</u>	<u>77,700</u>	<u>78,479</u>	<u>779</u>
<u>Expenditures</u>				
Wages	54,016	54,016	69,713	(15,697)
Telephone	300	300	275	25
Transportation	5,300	5,300	6,645	(1,345)
Capital Assets	<u>-</u>	<u>-</u>	<u>1,438</u>	<u>(1,438)</u>
Total	<u>59,616</u>	<u>59,616</u>	<u>78,071</u>	<u>(18,455)</u>
<u>Excess Revenues (Expenditures)</u>	<u>18,084</u>	<u>18,084</u>	<u>408</u>	<u>(17,676)</u>
<u>Other Financing Sources (Uses)</u>				
Operating Transfers In	-	-	-	-
Operating Transfers (Out)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>Excess Revenues (Expenditures) and Other Financing Sources (Uses)</u>	<u>\$ 18,084</u>	<u>\$ 18,084</u>	<u>408</u>	<u>\$ (17,676)</u>
Fund Balance – Beginning of Year			<u>34,046</u>	
Fund Balance – End of Year			<u>\$ 34,454</u>	

The Notes to the Basic Financial Statements are an integral part of this statement.

Tobin & Co.

Charter Township of Elmwood
Statement of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual
Liquor Law Enforcement Fund
For the Year Ended December 31, 2004

Schedule 7

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
<u>Revenues</u>	<u>Original</u>	<u>Final</u>		
State Revenue Sharing	\$ 2,700	\$ 2,700	\$ 3,317	\$ 617
Total	2,700	2,700	3,317	617
<u>Expenditures</u>				
Liquor Inspections	2,700	2,700	3,317	(617)
Total	2,700	2,700	3,317	(617)
<u>Excess Revenues (Expenditures)</u>	<u>\$ -</u>	<u>\$ -</u>	-	<u>\$ -</u>
Fund Balance – Beginning of Year			-	
Fund Balance – End of Year			<u>\$ -</u>	

The Notes to the Basic Financial Statements are an integral part of this statement.

Tobin & Co.

Charter Township of Elmwood
Statement of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual
Bayview Street Lighting Fund
For the Year Ended December 31, 2004

Schedule 8

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance</u> <u>Favorable</u> <u>(Unfavorable)</u>
	<u>Original</u>	<u>Final</u>		
<u>Revenues</u>				
Charges for Services	\$ 720	\$ 720	\$ 1,122	\$ 402
Total	720	720	1,122	402
<u>Expenditures</u>				
Professional Fees	100	100	100	-
Utilities	550	550	565	(15)
Total	650	650	665	(15)
<u>Excess Revenues (Expenditures)</u>	70	70	457	387
<u>Other Financing Sources (Uses)</u>				
Operating Transfers In	-	-	-	-
Operating Transfers (Out)	(200)	(200)	-	200
Total	(200)	(200)	-	200
<u>Excess Revenues (Expenditures) and</u> <u>Other Financing Sources (Uses)</u>	<u>\$ (130)</u>	<u>\$ (130)</u>	457	<u>\$ 587</u>
Fund Balance – Beginning of Year			201	
Fund Balance – End of Year			<u>\$ 658</u>	

The Notes to the Basic Financial Statements are an integral part of this statement.

Tobin & Co.

Charter Township of Elmwood
Statement of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual
Debt Service Fund
Northern Lites Special Assessment District
For the Year Ended December 31, 2004

Schedule 9

	<u>Budgeted Amounts</u>			<u>Variance</u>
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	<u>Favorable</u> <u>(Unfavorable)</u>
<u>Revenues</u>				
Earned Interest	\$ 45	\$ 45	\$ 36	\$ (9)
Special Assessments	<u>9,300</u>	<u>9,300</u>	<u>10,842</u>	<u>1,542</u>
Total	<u>9,345</u>	<u>9,345</u>	<u>10,878</u>	<u>1,533</u>
<u>Expenditures</u>				
Contingencies	<u>400</u>	<u>400</u>	<u>-</u>	<u>400</u>
Total	<u>400</u>	<u>400</u>	<u>-</u>	<u>400</u>
<u>Excess Revenues (Expenditures)</u>	<u>8,945</u>	<u>8,945</u>	<u>10,878</u>	<u>1,933</u>
<u>Other Financing Sources (Uses)</u>				
Operating Transfers In	-	-	-	-
Operating Transfers (Out)	<u>(8,900)</u>	<u>(8,900)</u>	<u>(11,000)</u>	<u>(2,100)</u>
Total	<u>(8,900)</u>	<u>(8,900)</u>	<u>(11,000)</u>	<u>(2,100)</u>
<u>Excess Revenues (Expenditures) and</u> <u>Other Financing Sources (Uses)</u>	<u>\$ 45</u>	<u>\$ 45</u>	<u>(122)</u>	<u>\$ (167)</u>
Fund Balance – Beginning of Year			<u>891</u>	
Fund Balance – End of Year			<u>\$ 769</u>	

The Notes to the Basic Financial Statements are an integral part of this statement.

Tobin & Co.

Charter Township of Elmwood
Statement of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual
Debt Service Fund
Leelanau Hills Road Special Assessment District
For the Year Ended December 31, 2004

Schedule 10

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
	<u>Original</u>	<u>Final</u>		
<u>Revenues</u>				
Earned Interest	\$ 700	\$ 700	\$ 572	\$ (128)
Special Assessments	<u>16,000</u>	<u>16,000</u>	<u>16,126</u>	<u>126</u>
Total	<u>16,700</u>	<u>16,700</u>	<u>16,698</u>	<u>(2)</u>
<u>Expenditures</u>				
Computer Services	125	125	72	53
Supplies	20	20	-	20
Administrative Fee	500	500	-	500
Contingencies	-	-	475	(475)
Principal Payments on Debt	21,000	21,000	21,000	-
Interest on Long-term Debt	<u>5,000</u>	<u>5,000</u>	<u>5,000</u>	<u>-</u>
Total	<u>26,645</u>	<u>26,645</u>	<u>26,547</u>	<u>98</u>
<u>Excess Revenues (Expenditures)</u>	<u>(9,945)</u>	<u>(9,945)</u>	<u>(9,849)</u>	<u>96</u>
<u>Other Financing Sources (Uses)</u>				
Operating Transfers In	-	-	-	-
Operating Transfers (Out)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>Excess Revenues (Expenditures) and Other Financing Sources (Uses)</u>	<u>\$ (9,945)</u>	<u>\$ (9,945)</u>	<u>(9,849)</u>	<u>\$ 96</u>
Fund Balance – Beginning of Year			<u>53,007</u>	
Fund Balance – End of Year			<u>\$ 43,158</u>	

The Notes to the Basic Financial Statements are an integral part of this statement.

Tobin & Co.

Charter Township of Elmwood
Combining Statement of Changes in Assets and Liabilities
All Agency Funds
For the Year Ended December 31, 2004

Schedule 11

Trust and Agency Fund

	Balance 12/31/03	Additions	Deductions	Balance 12/31/04
<u>Assets</u>				
Cash	\$ 126	\$ 50,376	\$ 50,236	\$ 266
Total Assets	\$ 126	\$ 50,376	\$ 50,236	\$ 266
<u>Liabilities</u>				
Undistributed Taxes and Interest Escrow Deposits	\$ - 126	\$ - 50,376	\$ - 50,236	\$ - 266
Total Liabilities	\$ 126	\$ 50,376	\$ 50,236	\$ 266

Current Tax Collection Fund

	Balance 12/31/03	Additions	Deductions	Balance 12/31/04
<u>Assets</u>				
Cash	\$ 447,058	\$ 4,794,529	\$ 4,919,333	\$ 322,254
Total Assets	\$ 447,058	\$ 4,794,529	\$ 4,919,333	\$ 322,254
<u>Liabilities</u>				
Undistributed Taxes and Interest Escrow Deposits	\$ 447,058 -	\$ 4,794,529 -	\$ 4,919,333 -	\$ 322,254 -
Total Liabilities	\$ 447,058	\$ 4,794,529	\$ 4,919,333	\$ 322,254

Total

	Balance 12/31/03	Additions	Deductions	Balance 12/31/04
<u>Assets</u>				
Cash	\$ 447,184	\$ 4,844,905	\$ 4,969,569	\$ 322,520
Total Assets	\$ 447,184	\$ 4,844,905	\$ 4,969,569	\$ 322,520
<u>Liabilities</u>				
Undistributed Taxes and Interest Escrow Deposits	\$ 447,058 126	\$ 4,794,529 50,376	\$ 4,919,333 50,236	\$ 322,254 266
Total Liabilities	\$ 447,184	\$ 4,844,905	\$ 4,969,569	\$ 322,520

The Notes to the Basic Financial Statements are an integral part of this statement.

Tobin & Co.

Charter Township of Elmwood
2003 Property Tax Levy and Collections
For the Year Ended December 31, 2004

Schedule 12

	<u>Millage Rate</u>	<u>Adjusted Levy</u>	<u>Collected</u>	<u>Returned Delinquent</u>
County Tax	3.9648	\$ 773,849	\$ 721,158	\$ 52,691
County Road	0.4859	94,825	88,369	6,456
County Sinking Fund	0.4218	7,351	7,028	323
County Senior	0.2672	52,138	48,588	3,550
County BATA	0.3500	68,299	63,649	4,650
School District Tax:				
Traverse City	21.1000	1,597,890	1,492,079	105,811
Suttons Bay	22.9349	120,800	111,488	9,312
State Education Tax	5.0000	975,911	935,274	40,637
Intermediate School District	2.9929	584,150	559,917	24,233
Township:				
General	0.7078	138,135	128,730	9,405
Police	0.3824	74,623	69,543	5,080
Fire	1.2819	250,191	233,156	17,035
Property Tax Administration Fee		<u>47,386</u>	<u>44,577</u>	<u>2,809</u>
Total		<u>\$ 4,785,548</u>	<u>\$ 4,503,556</u>	<u>\$ 281,992</u>
State Equalized Value		\$308,480,100		
Taxable Value		\$220,803,484		
Percent of Levy Collected		94.11%		

The Notes to the Basic Financial Statements are an integral part of this statement.